

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3711-02
Bill No.: Perfected HS for HB 1594
Subject: Appropriations
Type: Original
Date: April 25, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Various Funds	More than (\$100,000)	More than (\$100,000)	More than (\$100,000)
Total Estimated Net Effect on <u>All</u> State Funds	More than (\$100,000)	More than (\$100,000)	More than (\$100,000)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration – Division of Personnel (COA)** assume the costs associated with the pay off of accumulated comp time and the payment of on-going overtime as it is earned, could be an issue for agencies, at least initially. It would be anticipated that employees would seek the payment for overtime worked, rather than have the comp time in their balance. Although this would cost agencies more initially, it could have the affect of generating less overtime, as the agency would not be required to provide coverage (possibly resulting in more overtime) for employees who are absent using their comp time. This is especially true in the agencies that need to provide 24 hour services.

The proposed legislation has three sections, each of which was reviewed independently for a fiscal impact. It is important to keep in mind that all comp time earned has a cost associated with it. Either the cost of paying the comp time, or the productivity cost of allowing an employee to use the comp time as time off. In this fiscal note COA tried to provide the estimated cost of paying the comp time.

Section 1. If the employees uses their comp time, there is no additional cost above their base salary. (Except as noted in the paragraph above). COA also has not attempted to estimate the cost of overtime earned for staff who must provide coverage for the employee who is using their comp time.

Section 2. If the employee provides notice that they want to be paid for their accumulated comp time, there would be a pay out cost to the state above their base salary. As of March 31, 2002, 33,945 state employees had 1,940,000 hours of comp time “on the books” in three separate comp time balances: Federal, State and Holiday Comp time. The estimated cost of paying out all of this comp time (which is not likely to happen) is \$27,868,000 (before benefits that increase with salary of about 21%). It is not likely that all employees would all at once request that their comp time be paid out. So that is one extreme. It is difficult to estimate the number of employees that would seek the comp time pay out. On average, the pay out costs range from about \$12.00 to \$18.00 per hour, depending on the agency. These estimates include all state agencies except Conservation and Higher Education, who did not have any comp time on the books as of March 31, 2002. The majority of the comp time hours and costs are in MoDOT (430,000 hours, \$7.7 million) and Corrections (678,000 hours, \$8.1 million). If half the employees seek pay for the time on the books, the cost would be about \$13,434,000.

ASSUMPTION (continued)

Section 3. Over the past year, state employees earned 3,880,000 hours of comp time. Over the past year, state employees used (or were paid for) 3,552,000 hours of comp time. The difference is 328,000 hours. The estimated cost of the difference between the hours earned and used is \$4,424,000. However, if employees would have the option of pay, COA assumes they would choose pay in most instances, over the time off. This would cost the state more initially. But agencies, particularly 24 hour operations, would not have to provide coverage for the employee that is using his/her comp time. Long range, this could result in less overtime being worked.

Officials from the **Department of Conservation (MDC)** assume they are unable to determine the fiscal impact without additional time. In response to a previous version of the proposal (HS for HB 1594), MDC officials estimated the proposed legislation would result in an initial payment of approximately \$92,700, then approximately \$274,000 annually thereafter. MDC assumes employees would opt for the cash payment as opposed to the compensatory leave time.

Oversight assumes the number of employees who would choose to receive payment for their compensatory leave time cannot be determined. However, Oversight assumes the proposal would result in costs more than \$100,000 in any given fiscal year.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (6 Mo.)	FY 2004	FY 2005
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VARIOUS FUNDS

<u>Costs – various state agencies</u>	More than	More than	More than
Payment of compensatory leave time	<u>(\$100,000)</u>	<u>(\$100,000)</u>	<u>(\$100,000)</u>

ESTIMATED NET EFFECT ON VARIOUS FUNDS	<u>More than (\$100,000)</u>	<u>More than (\$100,000)</u>	<u>More than (\$100,000)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2003 (6 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

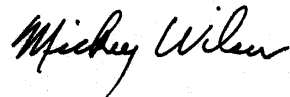
The proposed legislation would allow state employees accruing overtime to take that time as compensatory leave. State employees paid at an hourly rate would be paid one and one half times their regular rate for any hours exceeding 40 hours worked in one week. State employees working on designated state holidays would receive compensatory time or straight time hourly wages. Overtime wages would be paid in cash unless the state employee requests compensatory time. Those paid on an hourly basis could retain up to 80 hours of compensatory time. The provisions apply to those state employees who are currently eligible for compensatory time.

The proposal also provides for the continuation of insurance benefits for employees on military leave beyond the 15-day limit until the completion of service at the request of the employee and at the same rate as if the employee were not on military leave.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Department of Conservation



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April 25, 2002